

## Article - Real Property

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§14–117.

(a) (1) In this subsection, “water and sewer authority” includes a person to which the duties and responsibilities of the Washington Suburban Sanitary Commission have been delegated by a written agreement or in accordance with a local ordinance.

(2) A contract for the initial sale of improved, residential real property to a member of the public who intends to occupy or rent the property for residential purposes shall disclose the estimated cost, as established by the appropriate water and sewer authority, of any deferred water and sewer charges for which the purchaser may become liable.

(3) (i) In Prince George’s County, a contract for the initial sale of residential real property for which there are deferred private water and sewer assessments recorded by a covenant or declaration deferring costs for water and sewer improvements for which the purchaser may be liable shall contain a disclosure that includes:

1. The existence of the deferred private water and sewer assessments;
2. The amount of the annual assessment;
3. The approximate number of payments remaining on the assessment;
4. The amount remaining on the assessment, including interest;
5. The name and address of the person or entity most recently responsible for collection of the assessment;
6. The interest rate on the assessment;
7. The estimated payoff amount of the assessment; and
8. A statement that payoff of the assessment is allowed without prepayment penalty.

(ii) A person or entity establishing water and sewer costs for the initial sale of residential real property may not amortize costs that are passed on to a purchaser by imposing a deferred water and sewer charge for a period longer than 20 years after the date of the initial sale.

(4) If the appropriate water and sewer authority has not established a schedule of charges for the water and sewer project that benefits residential real property or if a local jurisdiction has adopted a plan to benefit residential real property in the future, the contract for the initial sale of the residential real property shall disclose that fact.

(5) (i) This paragraph does not apply in a county that has adopted a disclosure requirement that is substantially similar to the disclosure requirement in subparagraph (ii) of this paragraph.

(ii) A contract for the resale of residential real property that is served by public water or wastewater facilities for which deferred water and sewer charges have been established by a recorded covenant or declaration shall contain a notice in substantially the following form:

“NOTICE REQUIRED BY MARYLAND LAW REGARDING  
DEFERRED WATER AND SEWER CHARGES

This property is subject to a fee or assessment that purports to cover or defray the cost of installing or maintaining during construction all or part of the public water or wastewater facilities constructed by the developer. This fee or assessment is \$\_\_\_\_, payable annually in (\_\_\_\_month\_\_\_\_) until (\_\_\_\_date\_\_\_\_) to (\_\_\_\_name and address\_\_\_\_) (hereafter called “lienholder”).

There may be a right of prepayment or a discount for early prepayment, which may be ascertained by contacting the lienholder. This fee or assessment is a contractual obligation between the lienholder and each owner of this property, and is not in any way a fee or assessment imposed by the county in which the property is located.”.

(b) (1) Violation of subsection (a)(2) or (4) of this section entitles the initial purchaser to recover from the seller:

(i) Two times the amount of deferred charges the purchaser would be obligated to pay during the 5 years of payments following the sale;

(ii) No amount greater than actually paid thereafter; and

(iii) Any deposit money actually paid by the purchaser that was lost as a result of a violation of subsection (a)(2) or (4) of this section.

(2) Violation of subsection (a)(3) of this section entitles the purchaser to:

(i) Recover from the seller the total amount of deferred charges the purchaser will be obligated to pay following the sale;

(ii) Recover from the seller any money actually paid by the purchaser on the deferred charge that was lost as a result of a violation of subsection (a)(3) of this section; or

(iii) If the violation is discovered before settlement, rescind the real estate contract without penalty.

(3) (i) Violation of subsection (a)(5) of this section entitles the purchaser:

1. If the violation is discovered before settlement, to rescind in writing the sales contract without penalty or liability;

2. On rescission, to the full return of any deposits made on account of the sales contract; and

3. After settlement, to payment from the seller for the full amount of any fee or assessment not disclosed, unless the seller was never charged a fee or assessment to defray the costs of public water or wastewater facilities by the developer, a successor of the developer, or a subsequent assignee.

(ii) The purchaser's right to rescind under this paragraph shall terminate 5 days after the seller provides a written notice in accordance with subsection (a)(5) of this section.

(iii) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to a purchaser under this paragraph shall comply with the procedures under § 17-505 of the Business Occupations and Professions Article.

(c) (1) A contract for use in the sale of residential property used as a dwelling place for one or two single-family units shall contain, in the manner provided under paragraph (2) of this subsection, the following statement:

“Section 14-104 of the Real Property Article of the Annotated Code of Maryland provides that, unless otherwise negotiated in the contract or provided by

State or local law, the cost of any recordation tax or any State or local transfer tax shall be shared equally between the buyer and seller.”

(2) The statement required under paragraph (1) of this subsection shall be printed in conspicuous type or handwritten in the contract or an addendum to the contract.

(d) A contract or an addendum to the contract for the sale of real property shall contain in conspicuous type the following statement:

“Notice to buyer concerning the Chesapeake and Atlantic Coastal Bays Critical Area

Buyer is advised that all or a portion of the property may be located in the “critical area” of the Chesapeake and Atlantic Coastal Bays, and that additional zoning, land use, and resource protection regulations apply in this area. The “critical area” generally consists of all land and water areas within 1,000 feet beyond the landward boundaries of State or private wetlands, the Chesapeake Bay, the Atlantic Coastal Bays, and all of their tidal tributaries. The “critical area” also includes the waters of and lands under the Chesapeake Bay, the Atlantic Coastal Bays, and all of their tidal tributaries to the head of tide. For information as to whether the property is located within the critical area, buyer may contact the local department of planning and zoning, which maintains maps showing the extent of the critical area in the jurisdiction. Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington counties do not include land located in the critical area.”.

(e) A contract of sale shall also comply with the following provisions, if applicable:

(1) Section 17–405 of the Business Occupations and Professions Article (notice of purchaser’s protection by the Real Estate Guaranty Fund in an amount not to exceed \$25,000);

(2) Section 17–504 of the Business Occupations and Professions Article (notice by real estate broker pertaining to deposit in noninterest bearing account);

(3) Section 17–523 of the Business Occupations and Professions Article (notice by real estate broker about recordation and transfer taxes);

(4) Section 17–524 of the Business Occupations and Professions Article (notice of purchaser’s right to select title company, settlement company, escrow company, mortgage lender, or financial institution);

(5) Section 8A–605 of this article (notice of park rules to be given to buyer pertaining to sales of mobile homes);

(6) Section 10–103 of this article (notices and disclosures pertaining to land installment contracts);

(7) Sections 10–301 and 10–306 of this article (requirements and disclosures pertaining to deposits on new homes);

(8) Sections 10–505 and 10–506 of this article (requirements and disclosures pertaining to contracts between custom home builders and buyers);

(9) Sections 10–602, 10–603, 10–604(b), and 10–605 of this article (notices, disclosures, and requirements pertaining to new home warranties);

(10) Section 10–701 of this article (notice pertaining to sale of real property in Prince George’s County creating subdivision);

(11) Section 10–702 of this article (disclosure or disclaimer statements pertaining to single–family residential real property);

(12) Section 10–703 of this article (notice pertaining to land use in county land–use plans in Anne Arundel County);

(13) Section 11–126 of this article (notice pertaining to initial sale of condominium unit);

(14) Section 11–135 of this article (notice pertaining to resale of condominium unit);

(15) Sections 11A–112, 11A–115, and 11A–118 of this article (statements and requirements pertaining to time–shares);

(16) Section 11B–105 of this article (notice pertaining to initial sale of lot in development containing more than 12 lots);

(17) Section 11B–106 of this article (notice pertaining to resale of any lot or initial sale of lot in development containing 12 or fewer lots);

(18) Section 11B–107 of this article (notice pertaining to initial sale of lot not intended to be occupied or rented for residential purposes);

(19) Section 5–6B–02 of the Corporations and Associations Article (notice pertaining to initial sale of cooperative interests);

(20) Section 13–308 of the Tax – Property Article (notice of liability for agricultural land transfer tax);

(21) Section 13–504 of the Tax – Property Article (notice of liability for agricultural land transfer tax in Washington County); and

(22) Section 6–824 of the Environment Article (disclosure pertaining to obligations to perform risk reduction).

(f) Unless otherwise specifically provided, a contract of sale is not rendered invalid by the omission of any statement referred to in this section.

(g) (1) This subsection applies to Prince George’s County.

(2) A contract for the sale of real property on which a development impact fee has been imposed shall contain a notice to the purchaser stating:

(i) That a development impact fee has been imposed on the property;

(ii) The total amount of the impact fee that has been imposed on the property; and

(iii) The amount of the impact fee, if any, that is unpaid on the date of the contract for the sale of the property.

(3) Violation of paragraph (2) of this subsection entitles the initial purchaser to recover from the seller:

(i) Two times the amount of development impact fees the purchaser would be obligated to pay following the sale;

(ii) No amount greater than actually paid thereafter; and

(iii) Any deposit money actually paid by the purchaser that was lost as a result of violation of paragraph (2) of this subsection.

(h) (1) This subsection applies to St. Mary’s and Charles counties.

(2) A contract for the sale of agriculturally assessed real property shall include the following information:

“Notice: under § 9–241 of the Environment Article of the Annotated Code of Maryland, the Department of the Environment is required to maintain permanent records regarding every permit issued for the utilization of sewage sludge, including the application of sewage sludge on farm land. A prospective buyer has the right to ascertain all such information regarding the property being sold under this transaction.”

(3) Omission of the notice required under paragraph (2) of this subsection may not be a basis for invalidation of the contract for sale.

(i) (1) This subsection applies to Baltimore City and all other counties except Montgomery County.

(2) A contract for the initial sale of a new home, as defined in the Maryland Home Builder Registration Act, shall include the following:

(i) The builder registration number of the seller of the new home;

(ii) A provision stating that the new home shall be constructed in accordance with all applicable building codes in effect at the time of the construction of the new home;

(iii) A provision referencing all performance standards or guidelines:

1. That the seller shall comply with in the construction of the new home; and

2. That shall prevail in the performance of the contract and any arbitration or adjudication of a claim arising from the contract; and

(iv) A provision detailing the purchaser’s right to receive a consumer information pamphlet as provided under the Home Builder Registration Act.

(3) The performance standards or guidelines described in paragraph (2) of this subsection shall be:

(i) The performance standards or guidelines adopted at the time of the contract:

1. By the National Association of Home Builders; or

2. Under the federal National Manufactured Housing Construction and Safety Standards Act, to the extent applicable;

(ii) Any performance standards or guidelines adopted by the home builder and incorporated into the contract that are equal to or more stringent than the performance standards or guidelines adopted at the time of the contract:

1. By the National Association of Home Builders; or

2. Under the federal National Manufactured Housing Construction and Safety Standards Act, to the extent applicable; or

(iii) Any performance standards or guidelines adopted at the time of the contract by a county or municipal corporation that are equal to or more stringent than the performance standards or guidelines adopted at the time of the contract:

1. By the National Association of Home Builders; or

2. Under the federal National Manufactured Housing Construction and Safety Standards Act, to the extent applicable.

(4) The information required by paragraph (2) of this subsection shall be printed in conspicuous type.

(j) (1) A contract for the initial sale of a new home, as defined in the Maryland Home Builder Registration Act, shall be contingent on the purchaser obtaining a written commitment for a loan secured by the property, unless the contract contains a provision expressly stating that it is not contingent.

(2) If the contract is contingent on the purchaser obtaining a written commitment for a loan secured by the property, the contract shall state:

(i) The maximum loan interest rate the purchaser is obligated to accept; and

(ii) The time period within which the purchaser must obtain a written commitment for a loan.

(3) If a purchaser does not obtain a written commitment for a loan in accordance with the terms of the contract, including terms relating to the time period for obtaining the written commitment:



(i) At the seller's election and on written notice to the purchaser, the seller may declare the contract void and of no effect; or

(ii) On written notice to the seller accompanied by written documentation from a lender evidencing the purchaser's inability to obtain a loan in accordance with the terms of the contract, the purchaser may declare the contract void and of no effect.

(4) (i) The seller shall return to the purchaser any deposit paid under the contract if:

1. The purchaser has complied with the purchaser's obligations under the contract; and

2. The purchaser or the seller has declared the contract void and of no effect under paragraph (3) of this subsection.

(ii) If the deposit is held by a licensed real estate broker, the deposit shall be distributed in accordance with § 17–505 of the Business Occupations and Professions Article.

(k) (1) This subsection does not apply in Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington counties.

(2) A contract for the sale of residential real property shall contain the following statement:

“Buyer is advised that the property may be located near a military installation that conducts flight operations, munitions testing, or military operations that may result in high noise levels.”.

(3) All local laws requiring a statement or notice substantially similar to the statement required under paragraph (2) of this subsection prevail over the requirements of this subsection.

(l) (1) This subsection applies to Anne Arundel County.

(2) Subject to paragraph (3) of this subsection, if Anne Arundel County or the State has initiated enforcement action for a violation of a local law described in § 5–106(aa)(1) of the Courts and Judicial Proceedings Article, a contract for sale of the real property where the violation occurred shall disclose:

(i) The nature of the violation;

(ii) The status of any ongoing proceedings to enforce the violation; and

(iii) Any actions the buyer of the real property may be required to take with respect to the property in order to cure the violation.

(3) If a violation of a local law described in § 5–106(aa)(1) of the Courts and Judicial Proceedings Article is cured and a buyer of the real property where the violation occurred would not have any obligation to cure the violation, paragraph (2) of this subsection does not apply.

(m) (1) This subsection applies only to a development that contains 11 or more new homes to be built by the same home builder.

(2) A contract for the initial sale of a new home, as defined in the Maryland Home Builder Registration Act, shall contain an acknowledgment that the purchaser was provided by the home builder with written information about any energy–efficient options, including a statement that tax credits may be available related to the energy–efficient options, that are available for installation in the home before construction of the home is completed.

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